



COMMONWEALTH *of* VIRGINIA

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To: Agency Heads

From: Lemuel C. "Lem" Stewart, Jr., Chief Information Officer

Subject: Agency Transition to Virginia Information Technologies Agency (VITA)

I am honored the Information Technology Investment Board selected me to lead the Virginia Information Technologies Agency (VITA) as chief information officer. I approach this new position with an awareness and understanding of your concerns, questions, and challenges.

I understand that there is great concern about the VITA rate structure; likewise, you have expressed concerns about funding, your information technology (IT) employees, ongoing business needs, and VITA's ability to support you cost-effectively. I ask that we approach these issues collaboratively to ensure minimal impact on your agency during the transition.

I also want to assure you of our commitment to address your concerns and promote that collaboration. VITA is actively undertaking the following actions:

1. Reducing Fiscal Impact

We are re-examining the interim rates and rate structure for potential changes—subject to IT Investment Board and JLARC approval—to reduce overall costs and ensure costs are fair, reasonable, and within your agency's ability to pay. The existing interim rates are not final by any means—they are VITA's first cut, based on the best available information at the time. I fully acknowledge there are problems with the interim rate structure.

We have set the Integration date for all medium agencies to July 1, 2004, to provide ample time to effectually plan the transition and ensure there is no fiscal or asset accounting impact to medium agencies for FY 2004 involving the transition.

2. Reducing Staffing Impact

Relative to staff transfers, there have been specific concerns expressed about transferring staff that you feel would impact your ability to ensure ongoing effective management of business applications and services. The key concern has been with existing CIOs. I want to

assure you that it will be up to you to decide where your current CIO/IT director could ultimately provide the most value, either by remaining in their current position or as VITA's on-site Service Level Director for your agency. Dialogue sessions on this decision have been held with many agencies, and all agencies will have an opportunity to address this issue during their transition preparations.

3. Ensuring Continuity of Operations

We will *integrate* first and *transform* later. In other words, as required by legislation, VITA will assume ownership of IT assets and management of staff in the next 10 months, with an absolute minimum of movement and disruption. During the Integration Phase, we will work with you to begin planning specific Transformation initiatives—consolidating facilities, hardware, and software; introducing innovative technology solutions; and lowering costs over the long term.

Let me expand upon the two distinct phases of the consolidation initiative to ensure better understanding of our direction and to afford you the opportunity to raise any questions or concerns about the revised direction.

The Integration Phase

For the next ten months the primary objective is a smooth integration—the first of two phases for the overall consolidation effort. The Integration Phase is transitioning the management of the people and IT assets in small, medium, and large agencies without disruption of services. During the Integration Phase, we will work with you to ensure legal compliance with software licensing, essential security standards are in place, implementation of a disciplined process for managing IT investments, and, where practical, reduction of costs.

The Transformation Phase

The second phase of consolidation is transformation. Transformation, with your input and participation, is the consolidation of facilities, hardware, and software; the realignment and possible relocation of IT staff; the deployment of innovative technology solutions; and the implementation of significant cost-savings initiatives. Driven by the vision and guidance of the IT Investment Board, the Transformation Phase will involve extensive planning and require substantial investments of time and resources. As such, the planning begins now, during the Integration Phase, and includes the pursuit of innovative public-private partnerships for breakthrough successes.

We will focus on continuity of existing operations to ensure your business, services, and processes are not disrupted.

4. Refining the Integration Process

We are diligently evaluating and reviewing changes needed to the integration processes of medium and large agencies as a result of the lessons learned from the small agency mergers.

5. Working Collaboratively

One-on-one working sessions will be scheduled with your agency within the coming months. These sessions will afford us the opportunity to address collaboratively the questions and issues specific to your agency and its business needs, and ensure we fully understand your environment, needs, and future direction.

Value of IT Consolidation

Having completed more than two dozen mergers in my career—many on a national scale—I understand that the transition of your agency to VITA services and support is monumental—in terms of the cultural change, the challenges it presents, and the ultimate value to the Commonwealth. The integration and transformation of the Commonwealth’s disparate IT environment is the right thing to do and holds the potential for substantial long term savings. In the long term, VITA is about leveraging our collective buying power, improving the quantity and quality of IT investments, providing innovative technology solutions, helping you improve services to citizens, and generating significant cost-savings for our taxpayers to fund valuable citizen programs and fuel future technology innovation.

VITA has an outstanding IT Investment Board appointed by Governor Warner and the General Assembly. They bring valuable government and private sector experiences to help guide our vision and strategies, have proven records as successful business professionals, and are highly respected Virginians. I look forward to working with them and you in redefining how we do business in the Commonwealth. More information about our Board is available at <http://www.vita.virginia.gov/ITIB/ITIB.cfm>.

I very much look forward to meeting each of you soon and working with you. Feel free to contact me or ITIB members to share your thoughts, issues, and concerns as we move forward with this exciting initiative. Our mutual success hinges on cooperative collaboration between us and well thought out strategic action.

cc: The Honorable William H. Leighty, Governor’s Chief of Staff
The Governor’s Cabinet
Information Technology Investment Board Members